



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0707	Title:	Combining licensing for pump installers with water well contractors
Primary Sponsor:	Hamilton, Robin	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$39,214	\$0	\$0	\$0
State Special Revenue	\$39,214	\$64,163	\$65,768	\$67,411
Federal Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$78,428	\$64,163	\$65,768	\$67,411
Federal Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$39,214)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of Fiscal Impact:

The bill expands the Board of Water Well Contractors to include pump installation contractors. The regulation of these contractors will have a fiscal impact. This bill requires any one who installs, uses, or repairs a pump to be licensed.

FISCAL ANALYSIS

Assumptions:

Department of Natural Resources and Conservation (DNRC)

1. The DNRC estimates 1.00 FTE Water Resource Specialist would be needed to handle the regulation and licensing of pump installers. The FTE will need to develop rules, tests, and forms and will oversee this program. Estimated personal services costs for FY 2008 and FY 2009 are \$44,623.

2. There is no statistical data to determine the number of pump installation contractors/pump installers to be licensed. An estimate is that there would be approximately the same as the number of licensed water well contractors and drillers in the state, which is approximately 300.
3. Operating expenses of \$21,915 in FY 2008 include a computer, office furniture, software, network hookup, supplies, phone, postage, travel and rent and \$19,140 in FY 2009 for all of the prior listed expenses, excluding a computer, software and office furniture.
4. The board meets four times per year and currently has two members who receive per diem. This bill doubles the members receiving per diem to four, so the current per diem cost of \$400 needs to be doubled.
5. It is assumed two public hearings will be needed to hear the proposed rules at an estimated cost of \$500 per hearing in FY 2008.
6. It is assumed there will be ten pages of rules. The cost to publish the proposed rules is \$50/page and the same cost to publish the notice of adoption in FY 2008. ($10 \times \$50 \times 2 = \$1,000$)
7. Legal work will be required through the Attorney General's Office, Legal Services Division. The FY 2008 rate moving through the budgetary process for an attorney is \$79 per hour. It is estimated that 135 hours of legal services would be required in FY 2008 for a total cost of \$13,035. ($135 \times \$79 = \$13,035$)
8. A 2.5% inflation factor has been applied to FY 2010 and FY 2011.
9. The board shall set fees commensurate with costs. Since fees will not be generated until January 1, 2008, it is assumed general fund will cover one-half of start up costs for the first year. It is assumed fees will be based on the estimated costs each year of the program.

Department of Environmental Quality (DEQ)

10. Community water and wastewater systems are required by 37-42-302, MCA, to have a certified operator in charge of the system. These operators must pass a proficiency test and have experience working with a certified operator before they can become certified. Certification must be renewed annually and requires continuing education credits every biennium. Under the provisions of this bill, these certified operators will also be required to obtain a license as a pump installer in order to perform their duties.
11. Temporary or one time activities associated with aquifer research and wells used for aquifer testing and water quality testing will be required to have a licensed pump installer each time a pump is installed for monitoring.
12. This bill will require approximately 32 DEQ employees to acquire a pump installer's license. For purposes of this fiscal note, the cost estimate for an initial license is estimated to be \$300 each in FY 2008 and an annual renewal of \$270 thereafter. ($\$300 \times 32 = \$9,600$ FY 2008 and $\$270 \times 32 = \$8,640$ in FY 2009) Licensing costs may differ when rates are actually set by DNRC.
13. Contractors who provide assistance to the DEQ in well sampling and constructing contaminant recovery systems will need to be licensed and will pass that cost on to the department. Additional costs are estimated to be \$5.00 per hour or per well monitoring site. An additional 650 hours and 3,000 sites are estimated. Additional costs total \$18,250 in FY 2008 and FY 2009. ($(\$5 \times 650 = \$3,250) + (\$5 \times 3,000 = \$15,000)$).
14. Agency indirect expenses will be assessed to the additional costs outlined in assumptions 12 and 13 and are \$836 in FY 2008 and \$1,076 in FY 2009.
15. The expenditures will be funded through the normal program funding which is a combination of state special revenue funds and federal funds.
16. An inflation factor of 2.5% has been included for FY 2010 and FY 2011.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
DNRC				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$45,023	\$45,023	\$46,149	\$47,303
Operating Expenses	\$30,360	\$19,140	\$19,619	\$20,109
TOTAL Expenditures	<u>\$75,383</u>	<u>\$64,163</u>	<u>\$65,768</u>	<u>\$67,412</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$37,692	\$0	\$0	\$0
State Special Revenue (02)	\$37,692	\$64,163	\$65,768	\$67,411
TOTAL Funding of Exp.	<u>\$75,383</u>	<u>\$64,163</u>	<u>\$65,768</u>	<u>\$67,411</u>
<u>Revenues:</u>				
State Special Revenue (02)	\$78,428	\$64,163	\$65,768	\$67,411
DEQ				
<u>Expenditures:</u>				
Operating Expenses	\$28,686	\$27,966	\$28,665	\$29,382
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$22,226	\$21,668	\$22,210	\$22,765
Federal Special Revenue (03)	\$6,460	\$6,298	\$6,455	\$6,617
TOTAL Funding of Exp.	<u>\$28,686</u>	<u>\$27,966</u>	<u>\$28,665</u>	<u>\$29,382</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$37,692)	\$0	\$0	\$0
State Special Revenue (02)	\$18,511	(\$21,668)	(\$22,210)	(\$22,765)
Federal Special Revenue (03)	(\$6,460)	(\$6,298)	(\$6,455)	(\$6,617)

Effect on County or Other Local Revenues or Expenditures:

1. Cities, towns, rural water and wastewater districts, and home owner associations, will incur the cost of getting their certified operator(s) licensed as a pump installer.

Technical Notes:

1. Section 7(1), read literally, allows a contractor to engage in well construction using a licensed pump installation contractor and allows a contractor to engage in pump installation using a licensed water well contractor. This could be remedied by amending page 6, line 30, as follows: "water well contractor ~~or pump installation contractor~~ is placed in charge of all water well construction AND THAT A LICENSED PUMP INSTALLATION CONTRACTOR IS PLACED IN CHARGE OF ALL ~~or pump~~"
2. The bill is focused on pump installations in water wells, but the definition numbers 8 and 13 in Section 3 include waste water pumping. It is not clear if only waste water pumping is included in what is defined as a well.

Sponsor's Initials_____
Date_____
Budget Director's Initials_____
Date